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SUBJECT: CHILEAN MFA DG IBARRA ON REGIONAL DEVELOPMENTS: RELATIONS
WITH U.S. EXCELLENT, UNASUR STILL KEY FORUM

REF: A) SANTIAGO 829; B) SANTIAGO 809; C) SANTIAGO 287

CLASSIFIED BY: Paul E. Simons, Ambassador, Department of State,
Embassy Santiago; REASON: 1.4(B), (D)

¶1. (C) Summary: Roberto Ibarra, new MFA Director General for Foreign Policy, affirmed to the Ambassador September 3 that U.S. - Chile relations are excellent. He qualified the results of the UNASUR Bariloche summit as "better than expected" and underlined Chile's commitment to working with the organization. Ibarra reported that the Chilean and Ecuadoran MFAs will try to coordinate before a UNASUR meeting of Defense and Foreign Ministers in Quito September 14-15. He also surveyed regional developments, including Chile's improving relationship with Bolivia and Argentina, partnership with Brazil, and the need to continue work through the OAS on the difficult situation in Honduras. End summary.

¶2. (SBU) The Ambassador called on Ibarra (the number three at the MFA) September 3 to discuss the latest developments in the Hemisphere. Ibarra was formerly Chile's Charge in Bolivia and is a long-time MFA hand. (Note: Chile and Bolivia do not have full diplomatic relations. Ibarra served as Chief of Mission. End Note.) Isauro Torres, North America Director, and Bernardo del Pico, U.S. Desk Officer, as well as Econoff also attended the meeting.

U.S. - Chile Relationship: An All Time High

¶3. (SBU) DG Ibarra warmly welcomed the Ambassador and expressed his happiness with the excellent relations between the U.S. and Chile. The Ambassador congratulated Ibarra on his appointment as Director General and said the bilateral relationship is the best it has ever been. He noted the current focus blends an extremely close relationship at the top levels of our respective governments with stronger, working-level institutional linkages, such as the Chile-California partnership.

UNASUR: Quito Summit

14. (C) Turning to UNASUR, Ibarra emphasized that Chile had focused the organization on concrete issues under its presidency. The GOC had tried to promote solutions to problems such as narco-trafficking, social development, energy, and health. Ibarra opined that with Ecuador's assumption of the UNASUR presidency during the Quito Summit August 8-10, the organization is now more susceptible to the pressures of Hugo Chavez and the other members of ALBA.

15. (C) Ibarra explained that the Quito Summit had showed an alarming trend of escalating, heated rhetoric between heads of state, something heretofore unseen in the organization. Chile had previously developed a good working relationship in UNASUR with Brazil, Peru, Uruguay, and to a lesser extent Argentina. The GOC had been surprised at its ease in collaborating with Paraguay as well. Ibarra reassured the Ambassador that this core group can help "balance out" some of the more extreme elements in UNASUR.

UNASUR: Bariloche Summit

16. (C) According to Ibarra, the Bariloche Summit turned out "better than expected," an assessment first shared with the Ambassador by FM Fernandez (Ref A). Ibarra stated that UNASUR had successfully passed through a "dangerous moment" where it risked breaking apart because of internal tensions. He noted that President Lula's morning meeting with President Chavez had clearly moderated the latter's tone, so that Chavez appeared "quieter" than in Quito. Ibarra explained that President Correa's harsh rhetoric was the likely result of the Summit's live broadcast on television. Ibarra cited Lula's remark that, as a result of the broadcast, each leader ended up playing to his/her home constituency, rather than engaging in frank discussion.

17. (C) At the Bariloche Summit, UNASUR members resolved to hold a meeting September 14-15 of Defense and Foreign Ministers in Quito. Ibarra opined that the agenda will be wide open, which risks becoming a "Pandora's box." He underlined Chile is ready to talk about much more than just the U.S. - Colombia Defense Cooperation Agreement (DCA). Ibarra said the GOC is willing to address other military presence in the region (e.g., Iran), narco-trafficking, and social development. He reiterated that much will depend on Ecuador's handling of the meeting and UNASUR's future direction. Ibarra noted the Chilean MFA will try to coordinate with the Ecuadorian MFA before the UNASUR meeting.

18. (C) The Ambassador cited his own previous involvement with Plan Colombia, and how the U.S. presence in Colombia has steadily diminished over the years. Ibarra acknowledged the Ambassador's point, and said each country had its own "game." He pointed to Lula's request that President Obama come brief the Bariloche Summit on U.S. regional military policy as an attempt to play to the home audience in Brazil.

UNASUR: Still the One

19. (C) Ibarra avowed that UNASUR is still the key forum in which to discuss and hopefully resolve problems in the region. He elaborated that it is better than resorting to bilateral fusillades of heated oratory. Chile hopes to refocus future UNASUR action on

concrete projects and avoid further controversy. Ibarra explained that the GOC looks to keep the issue of appointing a UNASUR Secretary General under a "low-profile" (and likely left unresolved), given Uruguay's strong opposition to former President Kirchner's selection.

¶10. (C) Taking up UNASUR's credibility, Ibarra said President Obama's meeting with UNASUR members at the Summit of the Americas had been a great boon to the organization. Ibarra noted that only the Health and Defense Committees of UNASUR are operational, so there is still a lot of work to do in convincing publics (including in Chile) of UNASUR's utility. He explained that legislation ratifying Chile's membership in UNASUR has yet to pass the Congress.

Argentina: The Relationship "Works"

¶11. (C) In response to the Ambassador's query about the relationship with Argentina, Ibarra noted it "works." He explained that Argentina's reneging on its gas contract to Chile had negatively affected relations. Ibarra confirmed that Chilean investors complain "a lot" about problems in Argentina, with which Chile maintains a large trade deficit. He averred, however, that both nations are trying to institute a process of integration that will simplify existing bilateral institutions and make them more efficient. He cited the border crossing between Chile and Argentina's Mendoza region -- notoriously slow and bureaucratic -- as an example.

¶12. (C) Ibarra explained that coordination between the Chilean and Argentine MFAs works well, but the Casa Rosada in Buenos Aires does not communicate well with its own Foreign Ministry, in contrast to the smooth relations between La Moneda and the Chilean Foreign Ministry. He noted Presidents Bachelet and Fernandez de Kirchner get along well, but there are "differences" in their styles. Ibarra said that the idea of conflict between Chile and Argentina has been put firmly "behind us."

Bolivia: Slow Improvement in Relations

¶13. (C) Ibarra told the Ambassador that after his time in La Paz, he had come away with the conviction that President Morales' policies have definite limits. He believes the Bolivian President's rhetoric has resulted in "nothing." Ibarra says Morales is a man who thrives on confrontation and has a group of advisors who constantly push him to indulge in that predilection.

¶14. (C) Ibarra explained that Chile's relations with Bolivia have slowly improved during Morales' tenure. He noted this is due in part to the good relations with President Bachelet. Ibarra also underlined the role of the Chilean Armed Forces, business, NGOs, and other sectors of Chilean society that have begun to cultivate improved relations with Bolivian counterparts (ref C). Ibarra quickly added that it is a difficult path, because Morales can easily return to using Chile to score cheap political points if it serves his purposes. The Bolivian President will likely be reelected and so Chile will probably maintain its policy of seeking improved relations for the next four years.

Brazil: A "Good Ally"

¶15. (C) Isauro Torres remarked that the U.S. is building an excellent relationship with Brazil, something Chile is actively pursuing as well. Ibarra stated Chile's previous relationship with Brazil had been frosty. He elaborated that Brazil's influence in the region is undeniable and Chile has built a partnership with Brazil because it can be a "good ally." He thought President Bachelet's recent trip to Sao Paulo had helped to reinforce this partnership. Ibarra assured the Ambassador that whatever the next government in Chile, it will continue the same policy toward Brazil. He noted that Brazil can help Chile moderate the tone coming out of the Bolivarian nations.

Honduras: We Should Work through OAS

¶16. (C) Turning to the situation in Honduras, Ibarra said the GOC believes a solution must be achieved through the OAS. He noted Chile remained very worried about what could happen in Honduras. The Ambassador explained that the Secretary was meeting at that moment with President Zelaya in Washington. The Ambassador underlined that the USG had great respect for Chile's actions vis-a-vis Honduras, especially within the OAS.

¶17. (C) Ibarra believed it would be difficult to surmount the dug-in positions of Zelaya and Micheletti. Isauro Torres noted it might also be helpful if the USG went after Honduran de-facto Government officials' property in Miami. Ibarra recounted that when Zelaya had recently met with President Bachelet in Santiago, he had lamented losing the good faith of President Obama and the Secretary. Ibarra said Zelaya maintained that the U.S. was the key to a solution in Honduras.

SIMONS